

**COPEL – Conference Call**  
**1H10 Results**  
**August 13, 2010 – 11:00 a.m. (Brasilia time)**

**SLIDE 1**

**Operator:** Good morning and thank you for waiting. Welcome to the conference call to present the results of Companhia Paranaense de Energia (COPEL) in the first half of 2010.

We would like to inform you that all participants will be in a listen-only mode during the company's presentation, after which we will start a question and answer session, when further instructions will be given. Should any participant need assistance during the conference call, please press \*0 to reach an operator.

**SLIDE 2**

Before continuing, we would like to clarify that statements made during this conference call regarding Copels business outlook, or its operating and financial projections and goals, constitute the executive board's beliefs and assumptions and are formed by information currently available. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on future events that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors may affect Copels future performance, and may lead to results that differ substantially from those expressed in such forward-looking statements.

We now turn the presentation to Mr. **Ronald Thadeu Ravedutti**, CEO, who will present some of Copels operating and financial highlights. Also here with us is Mr. **Rafael Iatauro**, CFO, and Investor Relations and Share Control Officer.

**SLIDE 3**

**Mr. Ravedutti:** Good morning, everyone. It is a great pleasure to speak with you once again, this time to present Copels results for the first half of 2010.

This presentation, which is also being simultaneously streamed on our website at [www.copel.com/ri](http://www.copel.com/ri), includes a brief summary of the financial results and includes some of this year's main occurrences. At the end of the presentation, we will be available to take any questions you may have.

**SLIDE 4**

In the first half of 2010, COPEL posted net operating revenue 8.3% higher than this same period in 2009 on account of:

- 1º) The sales growth in energy, notably in the captive market, which registered a 7.1% increase;
- 2º) The tariff pass-through as of July 24, 2009 to consumers who settled their overdue bills; and
- 3º) An increase in supply revenue from electricity mainly due to the readjustment of supply agreements and greater revenue from the sale of energy in CCEE.

To contrast, the result from the second tariff revision of transmission plants determined a reduction of 22.88% to be applied to new transmission facilities. This quarter saw an adjustment in light of the revision, which is retroactive from July 1, 2009; this decreased revenue from electricity network availability by R\$ 40 million.

The decrease in other operating revenue is due to the decreased operation of the Araucária thermoelectric plant this year.

## SLIDE 5

Copels expenses increased 31.4% in the first half of 2010 compared with this same semester in 2009, which is primarily due to:

- 1º) The increase in electricity purchased for resale on, account of greater energy acquisition costs and accounting for R\$ 156 million for CVA. CVA registered this semester mainly reflects some electricity plants' delayed operational start-up, which reduced the energy-purchase mix compared to the mix established by ANEEL in June 2009;
- 2º) The increase in charges for use of the electricity network primarily due to the operational start-up of new plants and the higher electricity service fee (ESS), as established by ANEEL;
- 3º) The 6.1% increase in personnel costs mainly on account of the 6.0% wage increase applicable as of October 2009 and to the costs associated with the voluntary resignation program.

In May 2010, COPEL instituted a new voluntary redundancy program, whereby 129 employees submitted their resignation and are to leave COPEL by the end of the year. R\$ 12.4 million was provisioned this quarter to cover the costs of these voluntary resignations.

- 4º) The change in pension plans and other benefits reflects, in addition to the monthly costs disbursed by Copel to Fundação Copel, the benefits plan at R\$ 14.5 million, which was calculated according to the criteria contained in CVM Instruction 371/2000; and
- 5º) Finally, the increase in other operating costs on account of greater appropriation of funds to financial compensation for the use of water resources due to the increased generation of Copel's own energy.

## **SLIDE 6**

Thus, Copel's consolidated net income in the first half of 2010 came to R\$ 360 million. Return on equity reached 4.1% in the first half of the year, and EBITDA totaled R\$ 555 million, with an EBITDA margin of 19% on net operating revenue.

Profits posted in the first half do not yet reflect the tariff adjustment of June 2010 or the end of the discount policy applied to properly-paying customers. As already reported, as of June 24, 2010, COPEL has been charging the tariffs contained in ANEEL Resolution 1,015/2010 to all customers.

## **SLIDE 7**

Slide 7 shows Copel's debt profile on June 30, 2010. Total debt came to almost R\$ 1.5 billion. Debt ratio on equity stood at 17%. Bear in mind that 93% of our debt is long-term debt.

## **SLIDE 8**

Regarding our investment program, in the first half of year, the company invested R\$ 494 million, or 37% of the amount earmarked for the year.

Of this total, R\$ 322 million were invested in distribution projects, R\$ 35 million in telecommunications and R\$ 137 million in Copel generation and transmission, of which R\$95 million were applied to the Mauá hydroelectric plant.

## **SLIDE 9**

Finally, I would like to comment on Copel's achievements in terms of transmission and new energy auctions held in recent months.

Regarding the transmission auction, the Company bid for the concession of two initiatives, both in the State of So Paulo and part of PAC, which will reinforce the basic network of the National Connection System. Annual allowed revenue from these initiatives will come to more than R\$ 23 million.

We will be building and operating a transmission line running an uninterrupted 356 km, with 500,000 volts tension - the Araraquara/Taubaté transmission line, and a substation with a 300 MVA capacity in the city of Cerquillo. The start-up term for these two initiatives is 24 months from the time the concessions are granted, and the concessions are granted for 30 years.

This initiative will make it possible to divert energy from the Madeira River (Jirau and Santo Antônio) to the main load centers in the southern region.

## **SLIDE 10**

COPEL also secured the Colíder plant, which will be the first of four hydroelectric plants planned along the Teles Pires River in the northern part of Mato Grosso. This river composes the Tapajós basin, one of the main tributaries of the Amazon River. In addition to these four initiatives, another eight large surveyed plants are planned for auction in the Tapajós basin in the coming years. Moreover, other rivers in the same basin are currently being surveyed. The Colíder plant will comprise 300 megawatts of installed power and will begin producing energy in December 2014.

The auction included negotiation for an average 125 MW, 70% of the assured energy, at R\$ 103.40/MWh. The remaining 30% will be negotiated on the open market.

Copel's success in these auctions demonstrates the company's goal to consolidate its leadership position in the country's energy generation and transmission sectors and the desire to see COPEL pursue new initiatives with more daring and boldness, without losing sight of business sustainability.

That basically represents Copel's performance in the first half of 2010. I would like to thank you for your attention, and remind you that we are available for any clarifications you may need on the results presented in the quarter.

Thank you.

## QUESTIONS SESSION

**Operator:** We will now begin the question and answer session. Instructions.

## Q&A SESSION

**Operator:** If there are no further questions at this time, we will turn the conference call over to Mr. **Ronald Ravedutti** for his closing remarks.

## WRAP-UP

**Mr. Ravedutti:** I would like once more to express my satisfaction for serving as CEO of COPEL and am at your disposal for any further questions you might have. It was a pleasure to hold this conference call and I thank all of you again for your participation and interest. Also, feel free to contact our Investor Relations Department, which is always ready to assist you. Thank you very much.

**Operator:** Ladies and gentlemen, this concludes Copel's conference call for the 2010 half-year results. Thank you all for your participation.